

## HOUSE BILL NO. 367

INTRODUCED BY T. FACEY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ASSESSMENT AND TAXATION OF CERTAIN IMPROVEMENTS TO REAL PROPERTY; PROVIDING FOR THE EXPENDITURE OF REVENUE COLLECTED FROM TAXES ON CERTAIN IMPROVEMENTS TO REAL PROPERTY; AMENDING SECTIONS 7-6-2320, 7-6-4271, 15-8-201, 15-10-420, AND 20-9-161, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Assessment of certain improvements.** (1) Improvements completed during the tax year that were not assessed or taxable as of the preceding January 1 or improvements that have become the property of a person subject to taxation must be assessed and taxed from the date of completion, occupation, or use.

(2) To determine the amount of tax due for improvements described in subsection (1), the county treasurer shall multiply the taxable value of the new improvement by the total number of mills levied on the property for the current fiscal year and multiply the product by the ratio that the number of days in the calendar year that the property will be in taxable status bears to 365.

(3) Because the improvement will not have been assessed or taxed during the tax year because it did not exist on January 1, the department shall prepare a special assessment for the property and the county treasurer shall determine the amount of taxes that would have been due under subsection (2).

(4) Upon determining the amount of tax due, the county treasurer shall notify the person to whom the tax is assessed, in the same manner as notification is provided under 15-16-101(2), of the amount due, and the notification must state that the taxes are payable within 30 days after the notification is postmarked.

(5) Immediately upon receipt of taxes imposed under this section, the county treasurer shall distribute the money in the same manner as property taxes are distributed.

(6) Improvements that are assessed and taxed under this section must be included in the tax base as newly taxable property, as provided in 15-10-420, for the fiscal year beginning July 1 that follows assessment and taxation of the improvements under this section.

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2       **Section 2.** Section 7-6-2320, MCA, is amended to read:

3       **"7-6-2320. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as  
4 finally determined, in addition to setting out separately each item for which an appropriation or expenditure  
5 is authorized and the fund out of which it is to be paid, must set out:

6           (a) the total amount appropriated and authorized to be spent from each fund;

7           (b) the cash balance in the fund at the close of the preceding fiscal year;

8           (c) the amount estimated to accrue to the fund from sources other than taxation;

9           (d) the reserve for the next fiscal year; and

10          (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

11          (2) The board shall then by resolution approve and adopt the budget as finally determined and  
12 enter the budget at length in the official minutes of the board.

13          (3) (a) Subject to compliance with the procedures set forth in subsection (4), the board may  
14 approve and adopt a resolution amending a final budget when:

15           (i) shortfalls in anticipated and budgeted ~~revenues~~ revenue occur that, unless reductions in  
16 appropriations are made, will result in expenditures for the year exceeding actual ~~revenues~~ revenue and  
17 cash balances available for the year; ~~or~~

18           (ii) savings result from unanticipated adjustments in projected expenditures; or

19           (iii) revenue has been received from property assessed and taxed pursuant to [section 1].

20          (b) Amended appropriations must be classified as:

21           (i) salaries and wages;

22           (ii) maintenance and operation;

23           (iii) capital outlay;

24           (iv) interest and debt redemption; or

25           (v) miscellaneous.

26          (4) Prior to amending a final budget, the board shall:

27           (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the  
28 resolution amending the budget; and

29           (b) publish notice, at least once, in a newspaper of general circulation in the county at least 6 but  
30 not more than 16 days before the hearing on the budget amendments. The published notice must specify

1 the date, time, place, and subject of the hearing.

2 (5) This section does not apply to a county that has adopted the alternative accounting method  
3 provided for in Title 7, chapter 6, part 6."

4

5 **Section 3.** Section 7-6-4271, MCA, is amended to read:

6 **"7-6-4271. Budget amendment procedure.** (1) The governing body or the chief executive  
7 authorized in the annual appropriation resolution may transfer any part of an unencumbered balance of an  
8 appropriation to a purpose or object for which the appropriation for the current year is insufficient or may  
9 authorize a transfer to be made between items appropriated within the same fund.

10 (2) The governing body may delegate, in its annual appropriation resolution, budget amendment  
11 authority to the chief executive for the expenditure of funds from any ~~or all~~ of the following: debt service  
12 funds, enterprise funds, internal service funds, trust funds, federal and state grants accepted and approved  
13 by the governing body, special assessments, and donations.

14 (3) Any accruing revenue of the municipality not appropriated as provided in this part, including  
15 revenue received pursuant to [section 1], and any balance at any time remaining after the purpose of an  
16 appropriation has been satisfied or abandoned may ~~from time to time~~ be appropriated to other uses that  
17 do not conflict with any uses for which specifically the revenue accrued. A public hearing is required for  
18 an overall increase in appropriation authority, except in the case of an emergency under Title 10, chapter  
19 3.

20 (4) This section does not apply to a municipality that has adopted the alternative accounting  
21 method provided for in Title 7, chapter 6, part 6."

22

23 **Section 4.** Section 15-8-201, MCA, is amended to read:

24 **"15-8-201. General assessment day.** (1) The department shall, between January 1 and the second  
25 Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject  
26 to taxation in each county.

27 (2) The department shall assess property to:

28 (a) the person by whom it was owned or claimed or in whose possession or control it was at  
29 midnight of the preceding January 1; or

30 (b) except in the case of land splits, the new owner if the provisions of 15-7-304 have been met

1 and the transfer certificate has been received and processed prior to determining the taxes that are due  
2 as provided in 15-10-305(2).

3 (3) The department shall also ascertain and assess all mobile homes arriving in the county after  
4 midnight of the preceding January 1.

5 (4) A mistake in the name of the owner or supposed owner of real property does not invalidate  
6 the assessment.

7 (5) The procedure provided by this section does not apply to:

8 (a) motor vehicles;

9 (b) motor homes, travel trailers, and campers;

10 (c) watercraft;

11 (d) livestock;

12 (e) property defined in 61-1-104 as special mobile equipment that is subject to assessment for  
13 personal property taxes on the date that application is made for a special mobile equipment plate;

14 (f) mobile homes and manufactured homes held by a distributor or dealer as stock in trade; ~~and~~

15 (g) property subject to the provisions of 15-16-203; and

16 (h) improvements that are subject to the provisions of [section 1]."

17

18 **Section 5.** Section 15-10-420, MCA, is amended to read:

19 **"15-10-420. Procedure for calculating levy.** (1) A governmental entity that is authorized to impose  
20 mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the  
21 prior year, even if that levy is greater than the levy established by law. The maximum number of mills that  
22 a governmental entity may impose is established by calculating the number of mills required to generate  
23 the amount of property tax actually assessed in the governmental unit in the prior year based on the  
24 current year taxable value, less the value of newly taxable property.

25 (2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any  
26 additional levies authorized by the voters to all property in the governmental unit, including newly taxable  
27 property.

28 (3) For purposes of this section, newly taxable property includes:

29 (a) annexation of real property and improvements into a taxing unit;

30 (b) construction, expansion, or remodeling of improvements;

- (c) transfer of property into a taxing unit;
- (d) subdivision of real property;
- (e) reclassification of property;
- (f) transfer of property from tax-exempt to taxable status; and
- (g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

(4) Subsection (1) does not apply to school district general fund levies and the school district levy for tuition obligations established in 20-5-324(5).

(5) For purposes of subsection (1), ~~taxes imposed~~ the amount of property tax actually assessed:

(a) ~~include~~ includes registration fees imposed on light vehicles under 61-3-561 and distributed under 61-3-509(2); and

(b) ~~do~~ does not include:

(i) net or gross proceeds taxes received under 15-6-131 and 15-6-132; or

(ii) taxes collected on certain improvements under the provisions of [section 1].

(6) In determining the maximum number of mills in subsection (1), the governmental entity shall take into account any change from the prior year in the amount of statutory reimbursements for changes in the property tax laws. The amount of motor vehicle disposition under 61-3-509(2), as that section read on December 31, 2000, is an increased statutory reimbursement. It may increase the number of mills to account for a decrease in reimbursements and shall decrease the number of mills to fully account for any increase in reimbursements.

(7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections.

(8) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit."

**Section 6.** Section 20-9-161, MCA, is amended to read:

**"20-9-161. Definition of budget amendment for budgeting purposes.** As used in this title, unless the context clearly indicates otherwise, the term "budget amendment" for the purpose of school budgeting means an amendment to an adopted budget of the district for the following reasons:

(1) an increase in the enrollment of an elementary or high school district that is beyond what could reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted funds does not provide sufficient financing to properly maintain and support the district for the entire current school fiscal year;

(2) the destruction or impairment of any school property necessary to the maintenance of the school, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit for its present school use;

(3) a judgment for damages against the district issued by a court after the adoption of the budget for the current year;

(4) an enactment of legislation after the adoption of the budget for the current year that imposes an additional financial obligation on the district;

(5) the receipt of:

(a) a settlement of taxes protested in a prior school fiscal year;

(b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue or its agents;

(c) delinquent taxes from a prior school fiscal year; ~~and~~

(d) any revenue distributed under [section 1]; and

(e) a determination by the trustees that it is necessary to expend all or a portion of the taxes received under subsection (5)(a), (5)(b), or (5)(c) for a project or projects that were deferred from a previous budget of the district; or

(6) any other unforeseen need of the district that cannot be postponed until the next school year without dire consequences affecting the safety of the students and district employees or the educational functions of the district."

**NEW SECTION. Section 7. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 16, part 2, and the provisions of Title 15, chapter 16, part 2, apply to [section 1].

**NEW SECTION. Section 8. Effective date.** [This act] is effective July 1, 2001.

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